



Monthly Report on the T&D System

For the Month of May 2023

June 19, 2023

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1.0 Mission, Goals and Areas of Responsibility

LUMA assumed operations of Puerto Rico's Transmission and Distribution System (T&D System) on June 1, 2021, with the mission to recover and transform the energy grid and deliver customer-centric, reliable, resilient, safe and sustainable electricity at reasonable prices for the 1.5 million customers LUMA is proud to serve. LUMA manages and operates the government-owned T&D Assets under the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("T&D OMA") executed on June 22, 2020, among the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3A") and LUMA Energy, LLC and LUMA Energy ServCo, LLC (collectively, "LUMA").

This report outlines LUMA's key activities for the month of May 2023.

2.0 Monthly Sales Summary

- Consumption (GWh) was higher in May 2023 than the previous month (12.4%) and lower than the same month from the previous year (2.5%).
- Energy sales (\$) in May 2023 increased by 12.2% from the previous month and decreased by 13.8% compared to the same month a year ago.

Table 2-1. Energy billed by customer segment

Consumption (GWh)	Residential	Commercial	Industrial	Public Lighting	Agriculture	Other Authorities	Total ⁴
2023 May	583.1	658.3	125.6	24.8	1.9	3.3	1,397.0
2023 April	479.7	591.5	143.3	24.1	2.0	2.7	1,243.3
2022 May	533.1	694.3	178.5	22.4	2.1	3.1	1,433.5

Table 2-2. Energy sales by rate component

Energy Sales (\$M)	Base	FCA ¹	PPCA ²	CILT & Subsidies ³	Total ⁴
2023 May	96.8	197.8	41.2	24.7	360.5
2023 April	82.3	173.7	37.9	27.5	321.4
2022 May	116.0	235.4	45.7	21.1	418.2

Table 2-3. Energy sales by customer segment

Energy Sales (\$M)	Residential	Commercial	Industrial	Public Lighting	Agriculture	Other Authorities	Total ⁴
2023 May	141.7	177.7	31.3	8.5	0.5	0.8	360.5
2023 April	117.6	156.7	36.4	9.5	0.5	0.7	321.4
2022 May	144.6	205.1	48.0	19.1	0.6	0.8	418.2

¹ FCA: Fuel Charge Adjustment

² PPCA: Purchased Power Charge Adjustment

³ CILT: Contribution In Lieu of Taxes

⁴ The Total amount may not equal the sum of numbers for each category due to rounding.

3.0 Outage Summary

Reported Events

- Several generation forced outages occurred during the month. Two resulted in automatic underfrequency loadsheds.
- No emergency events occurred during the month of May.

Table 3-1: Significant Generation Outages

Date	Description of outage
05/01/2023	AES 1: Derated AES 2: Derated
05/03/2023	Palo Seco 4: Derated
05/04/2023	AES 1: Derated AES 2: Derated
05/05/2023	San Juan 6: Derated
05/06/2023	Palo Seco 4: Forced Outage
05/07/2023	San Juan 6: Forced Outages and Loadshed
05/08/2023	Palo Seco 4: Derated
05/09/2023	San Juan 6 Steam: Forced Outage
05/10/2023	Palo Seco 3: Derated San Juan 5: Forced Outage
05/12/2023	Palo Seco 4: Forced Outage and Loadshed
05/15/2023	San Juan 5: Derated
05/17/2023	Cambalache 3: Forced Outage
05/19/2023	Costa Sur 6: Derated AES 1: Derated AES 2: Derated Palo Seco 3: Derated
05/20/2023	Costa Sur 6: Derated AES 1: Derated AES 2: Derated
05/22/2023	Aguirre 2: Derated
05/24/2023	Palo Seco 3: Derated
05/25/2023	Aguirre 2: Derated AES 1: Derated AES 2: Derated
05/26/2023	San Juan 5 Steam: Forced Outage
05/27/2023	Costa Sur 5: Forced Outage Palo Seco 3: Derated Costa Sur 6: Derated
05/28/2023	Palo Seco 3: Forced Outage
05/29/2023	Palo Seco 4: Derated
05/30/2023	AES 1: Derated AES 2: Derated

Table 3-2: Significant Transmission Outages

Date	Description of outage
05/01/2023	Line 37400 tripped
05/02/2023	Line 37400 tripped
05/06/2023	San German Substation tripped
05/09/2023	Grana Substation tripped
05/10/2023	San Fernando Substation tripped
05/14/2023	Victoria Substation tripped
05/15/2023	Line 37400 tripped
05/18/2023	Line 39000 tripped
05/20/2023	Line 39000 tripped Line 36100 tripped
05/21/2023	Line 37100 tripped
05/24/2023	Line 36100 tripped
05/25/2023	Line 37500 tripped
05/26/2023	Line 37400 tripped
05/28/2023	Line 36800 tripped Line 36200 tripped Line 36100 tripped
05/30/2023	Line 36100 tripped Line 50200 tripped

4.0 PREB Filings & Hearings

LUMA participated in and supported discussions with the Puerto Rico Energy Bureau (PREB or Energy Bureau) across a broad range of topics during the month.

- [NEPR-AP-2020-0025](#) | **LUMA's Performance Metrics** – On May 11, 2023, LUMA filed its legal brief in support of the approval of Revised Annex IX that contains LUMA's performance metrics and targets. LUMA also requested PREB to deny LECO's request of imposition of penalties. On May 23, 2023, PREB granted LUMA's request to extend the time to reply to Intervenor's briefs until June 22, 2023. On May 25, 2023, after the conclusion of the evidentiary hearings and the filing of the legal briefs by the parties, PREB issued an Administrative Notice informing of its introduction of new evidence, data and materials into the administrative record in these proceedings, and notified the parties they have 15 days to file their position.
- [NEPR-MI-2021-0013](#) | **Electric Vehicles** – On May 1, 2023, LUMA submitted Puerto Rico's Electric Vehicle Adoption Plan in compliance with PREB's January 13, 2023 Resolution and Order ("R&O"). On May 12, 2023, LUMA submitted the monthly Electric Vehicle Billing Integration Report.
- [NEPR-MI-2022-0001](#) | **Energy Efficiency and Demand Response** – On May 19, 2023, LUMA submitted the revised Energy Efficiency Rider in compliance with the Bench Orders as issued in the May 5, 2023 Technical Conference.

- [NEPR-MI-2019-0016](#) | **Distributed Generation Quarterly Report** – On May 18, 2023, LUMA attended a Technical Conference requested by the PREB to address the Interconnection Progress Report for the quarter of January through March 2023.
- [NEPR-MI-2020-0001](#) | **Streetlight Report** – On May 10, 2023, LUMA submitted the April 2023 Streetlight Progress report.
- [NEPR-MI-2021-0004](#) | **LUMA's Budgets** – On May 16, 2023, LUMA submitted the proposed Consolidated Fiscal Year ("FY") 2024 Annual Budgets and proposed annual T&D projections through FY2026, and filed a motion identifying confidential portions of Appendix A to LUMA's proposed Annual T&D budget. On May 22, 2023, LUMA filed the quarterly report for the third quarter of FY2023. Also on May 22, 2023, LUMA submitted information in compliance with PREB's May 18th Order. On May 23, 2023, LUMA submitted the Spanish executive summary of the proposed FY2024 Annual Budget. On May 25, 2023, LUMA filed a Memorandum of Law in support of confidential treatment of a portion of Appendix A of the proposed FY2024 Annual Budget. Also on May 25, 2023, LUMA submitted on behalf of PREPA information in compliance with the May 18th Order. On May 26, 2023, LUMA submitted all workpapers and supporting materials used to develop the proposed FY2024 Annual Budget, and submitted the Technical Conference presentation.
- [NEPR-MI-2021-0002](#) | **Federal Funding** – On May 9, 2023, LUMA reported to PREB receipt of two FEMA Project Obligations for the Distribution Streetlighting and Substation Security Improvement Programs. On May 12, 2023, LUMA submitted a motion informing the PREB of the energization of one federally funded project. On May 15, 2023, LUMA submitted the Third Quarter Federal Funding Report for FY2023. On May 19, 2023, LUMA submitted an informative motion on contracted costs for federally funded projects. On May 24, 2023, LUMA reported to PREB receipt of five FEMA Project Obligations, including three for Distribution Streetlighting, and two for the Distribution Pole and Conductor Repair Improvement Programs.
- [NEPR-MI-2019-0006](#) | **Emergency Response Plan** – On May 30, 2023, LUMA submitted the annual T&D Emergency Preparedness Report.
- [NEPR-MI-2019-0005](#) | **Vegetation Management Plan** – On May 17, 2023, LUMA submitted the Vegetation Management and Capital Clearing Implementation Plan. On May 22, 2023, LUMA submitted the Vegetation Clearing Report for the Third Quarter of FY2023.
- [NEPR-IN-2022-0001](#) | **February 21st Incident** – On May 22, 2023, LUMA filed a public version of the Detailed Report on the February 21st Incident.
- [NEPR-MI-2020-0001](#) | **Permanent Rate** – On May 2, 2023, PREB issued an R&O correcting a minor wording mistake on the March 31st R&O. On May 5, 2023, LUMA filed a motion in response to PREPA's erroneous claims regarding the fuel nomination process. On May 18, 2023, LUMA filed an accelerated clause proposing new factors for the month of June. On May 24, 2023, PREB issued an R&O approving the accelerated clause and setting new FCA/PPCA factors for June 2023. On May 31st, 2023, LUMA filed annual riders for the Contribution in Lieu of Taxes to municipalities and various subsidies for FY2024.
- [NEPR-IN-2022-0005](#) | **Bill Objection Process** – On May 22, 2023, the Independent Customer Protection Office ("OIPC") filed a motion stating that LUMA has not contacted them since January 2023 regarding this investigation.
- [NEPR-MI-2022-0003](#) | **Generation Stabilization Plan** – On May 1, 2023, LUMA submitted the twelfth Update for the Generation Stabilization Plan Report. On May 15, 2023, LUMA submitted the thirteenth Update for the Generation Stabilization Plan Report.

- [NEPR-AP-2021-0003](#) | **Amendment Punta Lima PPOA** – On May 1, 2023, LUMA filed a Joint Motion with PREPA and Punta Lima in compliance with R&O dated April 17, 2023 requesting a Technical Conference and for confidential treatment of information. On May 10, 2023, LUMA filed an Urgent Motion requesting to reschedule a Technical Conference and for LUMA to be granted intervenor status.
- [NEPR-MI-2020-0019](#) | **System Remediation Plan** – On May 10, 2023, LUMA submit a motion requesting an extension of time to file the FY2023 Q3 report. On May 22, 2023, LUMA filed the Quarterly Report for the third quarter of FY2023.

5.0 Legislative Matters and Material Legal Update

Monitoring legislative activity, responding to requests for comments and preparing LUMA employees for public hearings is an important and significant responsibility, requiring multiple interactions with members and staff of the Puerto Rico Senate and House of Representatives over the course of many weeks and months on some occasions. Responding to these inquiries requires considerable resources and time from LUMA.

Table 5-1: Summary of Requests for Comments or Legislation Filed in the Puerto Rico Senate or House of Representatives

Committee	Bill or Resolution	Date of Last Update	LUMA Response or Legislation Title
Senate Committee on Development of the East Region	Senate Resolution 390	May 19, 2023	On February 10, 2023, LUMA received from the Committee Requests for Comments . On May 19, 2023, LUMA submitted the responses letters.
Senate Committee on Innovation, Telecommunications, Urbanism, and Infrastructure	Senate Resolutions 383, 385, 386, 387, 388, 389	May 19, 2023	On February 14, 2023, LUMA received from the Committee Requests for Comments . On May 19, 2023, LUMA submitted the responses letters.
House Committee on Consumer Rights, Banking Services and the Insurance Industry	House Bill 1663	May 26, 2023	On March 30, 2023, LUMA received from the Committee Requests for Comments . On May 26, 2023, LUMA submitted the response letter.
Senate Committee on Strategics Projects and Energy	Senate Resolution 340	May 2, 2023	On April 21, 2023, LUMA received a notice to appear for a public hearing . On May 2, 2023, LUMA participated in the hearing.
House Committee on Development and Public Funds on the Northwestern Region Oversight	House Resolution 335	May 5, 2023	On April 25, 2023, LUMA received a notice to appear before the Committee for an on-site public hearing . On May 5, 2023, LUMA participated on the <i>on-site</i> hearing.
House Committee on Revenues and Budget	House Resolution 892	May 9, 2023	On April 25, 2023, LUMA received from the Committee a Request for Comments . On May 9, 2023, LUMA submitted the response letter.

Committee	Bill or Resolution	Date of Last Update	LUMA Response or Legislation Title
House Committee on Economic Development, Planning, Telecommunications, Public-Private Partnerships and Energy	House Resolution 243	May 10, 2023	On March 30, 2023, LUMA received from the Committee a notice to appear in a <i>public hearing</i> on April 12, 2023, and a <i>Request for Comments</i> . On April 10, 2023, LUMA submitted a response letter with comments and the Committee informed LUMA that the public hearing was rescheduled for May 2023. On May 10, 2023, LUMA participated on the <i>public hearing</i> .
Senate Committee on North Region Development	Senate Resolution 195	May 17, 2023	On May 4, 2023, LUMA received a <i>Request for Comments</i> . On May 17, 2023, LUMA submitted the response letter.
House Committee on Development and Public Fund Oversight of the Western Region	House Resolution 145, 603, 604, 612, 621	May 15, 2023	On May 8, 2023, LUMA received <i>Request for Comments</i> . On May 15, 2023, LUMA submitted the response letters.
House Committee on Development and Public Funds on the Northwestern Region Oversight	House Resolution 335	May 16, 2023	On May 9, 2023, LUMA received a notice to appear before the Committee for an <i>executive hearing</i> . On May 16, 2023, LUMA participated in the hearing.
Senate Committee on Social Welfare and Elderly Affairs	Senate Bill 1188	May 30, 2023	On May 16, 2023, LUMA received a <i>Request for Comments</i> . On May 30, 2023, LUMA submitted the response letter.
House Committee on Economic Development, Planning, Telecommunications, Public-Private Partnerships and Energy	House Resolution 243 & 446	May 19, 2023	On May 17, 2023, LUMA received from the Committee a <i>Request for Information</i> . On May 19, 2023, LUMA submitted the response letter.
House Committee on Development and Public Fund Oversight of the Northeastern Region	House Resolution 750	May 30, 2023	On May 24, 2023, LUMA received from the Joint Committee a <i>Request for Comments</i> . On May 30, 2023, LUMA delivered the response.
House Committee on Development and Public Funds Oversight on the Northwestern Region	House Resolution 335	May 30, 2023	On May 24, 2023, LUMA received a notice to appear before the Committee on an <i>executive hearing</i> . On May 30, 2023, LUMA participated in the hearing.

Committee	Bill or Resolution	Date of Last Update	LUMA Response or Legislation Title
House Committee on Economic Development, Planning, Telecommunications, Public-Private Partnerships and Energy	House Resolution 243 & 446	May 30, 2023	On May 25, 2023, LUMA received from the Committee a <i>Request for Information</i> . On May 30, 2023, LUMA submitted the response letter.
House Committee on Economic Development, Planning, Telecommunications, Public-Private Partnerships and Energy	House Resolution 243 & 446	May 31, 2023	On May 31, 2023, LUMA received from the Committee a <i>Request for Information</i> .
House Committee on Development and Public Funds Oversight on the Southern Region	House Resolution 303	May 31, 2023	On May 31, 2023, LUMA received from the Committee a <i>notice to appear on a public hearing</i>

Table 5-2: Material Litigation Update⁵

Case No.	Party Names	Description	Significant Updates
Adv. Proc. No. 21-00041	UTIER v. Pierluisi et al.	Plaintiffs are requesting the annulment of the T&D OMA because they claim that it violates the Contracts Clause and does not comply with Act 120-2018, given that it allegedly does not recognize UTIER's collective bargaining agreement.	No changes since last Report. The Court has not yet ruled on the pending Motion to Dismiss.
Adv. Proc. No. 21-00049	SREAEE v. PIERLUISI et al.	Similar claims to 21-00041 (above) and additionally alleges that the T&D OMA violates ERISA and would damage the SREAEE due to lack of funds.	No changes since last Report. The Court has not yet ruled on the pending Motion to Dismiss.

⁵ *Material Litigation Activity refers to all litigation related to challenges to the OMA, matters that could impede the OMA work or litigation with significant financial risk. This does not include ordinary litigation proceedings that originate as part of the operation of the T&D System, including but not limited to pre-litigation dispute resolution, management of active litigation, discovery, PREB invoice challenges, and other litigation procedures.*

Case No.	Party Names	Description	Significant Updates
Case No. KLRA202100406	In re Revisión de los Términos de Servicio de LUMA	ICSE seeks order to annul and overturn PREB's approval of Modified Terms of Service and Liability Waiver. They argue the waiver is an infringement of PR's Civil Law tradition as it goes against the Law, Moral, and Public Order.	No changes since last Report.
SJ2022CV02868	Ismael Herrero Domenech and the class composed of all residential electrical energy consumers that are customers of LUMA Energy LLC v. LUMA Energy LLC, Wendco of Puerto Rico Inc. et al. v. LUMA Energy LLC	The residential and commercial customers in the consolidated class actions filed with the Puerto Rico State Court ("Plaintiffs") seek to be compensated for damages for LUMA's alleged failure to properly maintain and operate certain equipment pursuant to the T&D OMA which caused an island-wide blackout on April 6, 2022. Plaintiffs claim over \$500 million in damages. LUMA was served on July 19, 2022, and on July 29, 2022, LUMA filed a Notice of Removal with the Title III Bankruptcy court.	An argumentative hearing was held on May 16, 2023 to discuss LUMA's request to stay proceedings. The Court ordered LUMA to file a motion to dismiss for lack of indispensable party by June 5, 2023.
Civil Case No. 22-CV-01357	CADFI Corp. v. PREPA, LUMA and Municipality of San Juan	Plaintiff, CADFI Corp. (Broad Coalition for Functional Diversity and Equality), and other individual Plaintiffs, allege that some electric posts are located in the middle of some sidewalks in San Juan in violation of the American with Disabilities Act ("ADA") and the Standards for Accessible Design promulgated by the US Department of Justice.	No changes since last Report.
SJ2022CV08894	UTIER, et. al. V. LUMA Energy ServCo, LLC, et. al.	Plaintiffs filed a complaint alleging that the Defendants incurred defamation, libel, and cyberbullying, among other, by the unauthorized use of UTIER's and its president, Angel Figueroa Jaramillo's image and name.	On May 10, 2023, the Court denied the motions to dismiss filed by LUMA and the rest of the co-defendants. On May 25, 2023, LUMA and the other co-defendants each filed a motion for reconsideration of the resolution denying the motions to dismiss. On May

Case No.	Party Names	Description	Significant Updates
			26, 2023, the Court granted Plaintiffs until June 12, 2023 to respond to LUMA's Motion for reconsideration as well as to respond to the motions filed by the rest of the co-defendants. On May 30, 2023, LUMA requested until the reconsideration is resolved to file its answer to the complaint. On May 31, 2023, the Court granted LUMA's request for extension of time.
SJ2023CV01793	LUMA Energy ServCo, LLC V. Municipio Autonomo de Manatí; Hon. José A. Sanchez Gonzalez, in his official capacity, and Damian O. Pabon Colon, Finance Director, in his official capacity	LUMA filed a complaint against the Municipality of Manatí challenging the imposition of the construction excise tax relating to the works performed at PREPA's Manatí Substation.	The Municipality of Manatí did not file its responsive pleading by the deadline of May 8, 2023.
SJ2023CV02513	LUMA Energy ServCo, LLC V. Municipio Autonomo de Manatí; Hon. José A. Sanchez Gonzalez, in his official capacity, and Damian O. Pabon Colon, Finance Director, in his official capacity	On March 3, 2023, the Municipality of Manatí issued a Second Preliminary Notice for outstanding construction excise taxes related to the works performed at PREPA's Manatí Substation. LUMA filed a complaint against the Municipality of Manatí challenging the second notice collecting the construction excise for works performed at the Manatí Substation.	The Municipality of Manatí did not file its responsive pleading by the deadline of May 8, 2023.
Case No. 17-04780 PROMESA Title III	Debtor: Puerto Rico Electric Power Authority (PREPA)	The main Title III Case is related to PREPA's exit from Title III. Certain parties are challenging the confirmation of PREPA's proposed plan of adjustment.	On May 18, 2023, the bondholders filed a notice seeking LUMA's deposition on a variety of topics. The first deposition sessions to LUMA's representatives was held on May 30, 2023.

6.0 Ongoing External Audits

LUMA is subject to audits related to its activities under the T&D OMA. Responding to these audits requires considerable resources and time from LUMA.

Table 6-1: Summary of Governmental Audits

Government Entity	Audit Description	Significant Updates
Puerto Rico Comptroller's Office (OCPR), No. 15592	Audit to PREPA fiscal operations during the period from June 1, 2018 to June 30, 2021 by virtue of Article III, Section 22 of the Constitution of the Commonwealth of Puerto Rico and Act 9 of July 24 of 1952, as amended.	Latest update is related to requests received on May 10 and May 11, 2023, Luma provided the information on May 11 and 31, 2023, respectively.
OCPR, RFI No. SIE-3518-15560-8	Audit of debt issued by the Commonwealth of Puerto Rico and its public corporations from January 1, 2000 – present day. Request for Customer Experience Data including: <ul style="list-style-type: none"> • Rate Revenue, • Accounts Receivable, and • Loss from energy theft for January 1, 2000 to present, detailed by residential, commercial, and government customers, by fiscal year.	No changes since last report.
OCPR, RFI No. SIE-3518-15560-16	Audit of debt issued by the Commonwealth of Puerto Rico and its public corporations from January 1, 2000 – present day. Request for Customer Experience Data including: <ul style="list-style-type: none"> • Rate Revenue, • Accounts Receivable, and • Loss from energy theft for January 1, 2000 to June 30, 2020, detailed by residential, commercial, and government customers, by fiscal year.	No changes since last report.
OCPR, No. 15671	Audit to PREPA operator (LUMA Energy ServCo, LLC) during the period from June 1, 2020 to February 28, 2023 by virtue of Article III, Section 22 of the Constitution of the Commonwealth of Puerto Rico and Act 9 of July 24, 1952, as amended.	No changes since last report.

OCPR, No. SII-4029-15637-06	Audit of Guanica Municipality, request for Customer Experience data including: <ul style="list-style-type: none"> • Certification of debt as of December 31, 2022; including interest, penalties or charges. 	No changes since last report.
KPMG	Audit of PREPA Financial Statements	FY2022 – LUMA has been receiving and responding to requests for information for several months. LUMA and PREPA hold weekly status meetings with all parties working on the audit and have held several informal sessions to discuss specific issues related to FY2022. The target date of issuance of the financial statements is September 2023.
P3A	First Year (FY2022) Operations Audit	May 2023, Kevane Grant Thornton provided P3A a draft report that is currently under review. P3A will schedule an exit meeting to discuss findings once the review is complete.
Office of the Inspector General (OIG), No. E-169-23-005; RI-001	Compliance with PR Law and applicable regulations	No changes since last report. LUMA is compiling the requested information in order to comply with the OIG's request.

7.0 Material OMA Items

PREPA's Non-Compliance with T&D OMA Obligations

- May 2023 was the sixth consecutive month that **PREPA did not fully fund the Service Accounts** and failed to meet its obligations in accordance with 7.5(a)(iii), 7.5(b)(iii), 7.5(c)(iii), 7.5(e)(ii) of the T&D OMA. LUMA has issued six (6) non-compliance notices to PREPA and notified P3A of PREPA's non-compliance with the T&D OMA. Specifically, as it relates to the Outage Event Reserve Account, PREPA has failed to replenish the account as required in section 7.5(d)(ii) of the T&D OMA. LUMA is actively working with P3A towards a solution to PREPA's non-compliance.
- Since December 2022, **PREPA also refused to permit or approve funds to be removed from the Capital Account – Federally Funded to reimburse for Capital Costs – Federally Funded** actually incurred as permitted in Section 7.5(b)(iv) of the T&D OMA. Following several written requests and verbal follow ups from LUMA and P3A, on May 31, 2023, PREPA communicated to LUMA that it would transfer \$180,518,190.08 million of FEMA reimbursed costs and Working Capital Advances (WCA) funds for the Transmission and Distribution (T&D) System into the Capital Account – Federally Funded, in accordance with PREPA's Capital Account – Federally Funded Service Account obligations under the T&D OMA. However, on May 31, 2023, LUMA only received a transfer of \$171,545,595.85 in the Capital Account – Federally Funded. LUMA has notified multiple parties regarding PREPA's \$8,972,594.23 error in the funding the account to

try to resolve the deficit. PREPA has still not approved any required transfers from the Capital Account-Federally Funded since December 2022.

- In February 2023, **LUMA requested PREPA to provide LUMA with the status of all auxiliary systems for each PREPA Generation unit**, including (1) operational state and black-start capability when applicable and (2) the latest maintenance or repair plan, before the deadline of February 10, 2023. Follow-ups were sent to PREPA in February and March, and again on April 12, 2023 (LUMA-PREP-T-00503) with no response from PREPA. As of May 31, 2023 LUMA had not received a response from PREPA on this matter. **PREPA's delay in providing the necessary data is impacting LUMA's preparation for the upcoming 2023 Atlantic Hurricane Season, and is considered an Owner Fault as defined in the T&D OMA.**
- On February 6, 2023, LUMA and PREPA finalized the **Agreed Operating Procedures (AOP) for Legacy Generation facilities**. On February 9, 2023 LUMA requested PREPA to sign the Agreed Operating Procedures by February 17, 2023. After numerous follow ups, LUMA and PREPA were able to finalize and execute the AOPs on May 9, 2023.
- On March 6, 2023 LUMA provided PREPA the finalized **Capital Contribution Agreements**, which were updated with the facility demarcation and fleet details. At this time LUMA requested PREPA to conduct a final review and approval. LUMA has followed up with PREPA on the matter multiple times, however, as of May 31, 2023, LUMA has not received a finalized version from PREPA, nor the information required to complete these important agreements.
- Under the Shared Services Agreement, LUMA is responsible for **processing Accounts Payable** on behalf of PREPA. However, PREPA is responsible for ensuring payments are completed, approved and in compliance with law and contract. In some cases, PREPA has requested LUMA make payment for contracts that appear to be expired, have exceeded the maximum contract value, or have another violation of PR law. Therefore, LUMA has asked PREPA to provide attestation that each requested payment is compliant with applicable Contract Standards and Applicable Law before LUMA processes the payment. As of May 31, 2023, PREPA has been unwilling to provide LUMA with such attestation, despite having agreed to do so in a March 29, 2023 meeting with P3A and LUMA.

PREPA Reorganization and Title III Exit

- The Puerto Rico government and the FOMB are focused on obtaining confirmation of PREPA's proposed plan of adjustment.
- Discovery in connection with confirmation is ongoing. In addition to document discovery, the parties submitted expert reports and took numerous depositions in May.
- On April 6, 2023, the ad hoc group of PREPA bondholders and the bond trustee filed a motion requesting that Judge Swain certify an immediate interlocutory appeal to the First Circuit of her March 22 summary judgment decision in the lien challenge litigation. Following expedited briefing, on May 3, 2023, Judge Swain denied the requests for leave to appeal to the First Circuit on the grounds that it would not materially advance PREPA's title III case and would likely have the opposite effect.
- After the mediators indicated in reports filed on April 17 and May 3 that mediation sessions had not yet resumed, Judge Swain ordered the parties to attend a status conference on May 8, 2023. Afterwards, the title III court entered an order directing the mediators to, among other things, include the following information in future mediation reports: (i) the number of completed mediation sessions in the prior month and the number of scheduled further mediation sessions as

of the date of the report, (ii) whether the participants are attending with empowered principals, (iii) whether the participants have made proposals and counterproposals in good faith, and (iv) whether any further assistance is needed from the court.

- On May 11, 2023, the U.S. Supreme Court ruled that PROMESA does not abrogate the FOMB's sovereign immunity. The decision arose out of lawsuits filed by a Puerto Rico-based nonprofit media organization of investigative journalists seeking certain information and disclosures from the FOMB.
- On May 16, 2023, the FOMB filed a motion to dismiss the PREPA bondholders' remaining counterclaims in the Title III lien challenge litigation.
- On May 17, 2023, the FOMB filed the form of the New Master Indenture and related documents for the new revenue bonds to be issued under PREPA's proposed title III plan. On May 31, 2023, the FOMB filed the plan supplement, including drafts of certain trust agreements and other documents related to implementation of PREPA's proposed plan of adjustment.
- On May 18, 2023, the court set a June 6, 2023 start date for the PREPA bondholders' unsecured deficiency claim estimation hearing. The FOMB estimates the value of the bondholders' claim at \$0 to \$2 billion, while the bondholders contend it is \$8.5 billion (the full outstanding principal and interest on the bonds).
- LUMA representatives were deposed by the parties on May 30 and June 1.

PREPA Accounting and Financial Risks

- A Condition Precedent to Service Commencement includes the reorganization of PREPA as stated in Section 4.5(q). As part of a reorganization of PREPA, as described in Annex VI, PREPA's balance sheet, financial systems and other functions must be separated into separate entities. This reorganization has not yet occurred and PREPA has not addressed several major PREPA accounting and financial risks. LUMA was provided access to PREPA's financial systems at Commencement (June 1, 2021) and since then, LUMA has identified deficiencies and irregularities. The poor condition of PREPA's pre-Commencement financial records has an impact on LUMA's ability to comply with its T&D OMA obligations, including providing accurate reporting to P3A and FOMB.
- On January 25, 2023, LUMA requested PREPA to provide balance sheet reconciliations, which have not yet been provided in full to LUMA despite repeated requests from LUMA over the past four (4) months. PREPA's delay in providing this information is impacting LUMA's ability to support not only PREPA's FY22 Audit but also the initiative to complete the necessary reconciliation and accounting work to enable the full reorganization of PREPA which LUMA understands will be funded in the FY2024 Fiscal Plan.

LUMA's Billing and Collection Efforts

- LUMA is currently implementing system corrections resolving the identified estimation algorithm issues, among others. The team is completing validations and preparing testing in the system before deploying the solution to production.
- Since August 2021, LUMA has made numerous attempts, including letters and phone calls, to work with customers who have large and chronic overdue balances to avoid the possible disconnection of service. In February 2023, 48-hour disconnection calls were made to the

commercial & industrial business customers who had not responded to repeated attempts to establish payment plans. Given the failure by customers to respond after months of outreach efforts, LUMA began to schedule crews to disconnect this initial group of customers, unless payment was received. By the end of May 2023, LUMA had completed 2,300 disconnections for non-payment on Commercial and Industrial customer accounts and continues to make progress in collecting on government accounts receivables. LUMA has been working with multiple government agencies in order to bring their accounts current.

- Over 2,100 new payment agreements were reached in May 2023; January – May 2023 is highest enrollment of payment agreements since commencement.
- In May 2023, LUMA completed over 130,000 outbound collection calls, and Days Sales Outstanding (“DSO”) remained under 100 days for the second month in a row.

FY2024 Budget Allocation and Budget Filing

- In accordance with the process established under Section 4.3(c) of the Generation OMA and Section 3.1(b) of the PGHOA, the Budget Allocation Meeting occurred on February 24, 2023 whereby LUMA presented a proposed Budget Allocation based on the available information. At the time of the Budget Allocation Meeting, various required inputs and information from FOMB, PREPA, and P3A had not been provided to LUMA and therefore could not be incorporated in the Budget Allocation. Several meetings and exchanges of information occurred involving P3A, LUMA, Genera and PREPA during the months of March and April, culminating in the submission proposed and updated Budget Allocations by LUMA, to P3A on March 27 and on April 15. On April 22, 2023, LUMA submitted the Consolidated FY2024 Budgets to P3A. The submission of the FY2024 Budget to PREB was delayed due to the ongoing process with P3A.
- On May 1, 2023, P3A shared its Budget Allocation Determination Letter with LUMA and on May 12, 2023 P3A shared an Updated Budget Allocation with LUMA titled “Additional Revenue”, which allocated an additional \$130 million to the Parties for the FY2024 Budget.
- On May 16, 2023 at 12:31 am, LUMA filed its FY2024 Consolidated Budget with PREB.

FY2023 Budget Process

- On February 27, 2023, PREB issued a R&O conditionally approving LUMA’s FY2023 Budget, subject to several conditions, including but not limited to LUMA’s periodic reporting on revenue collections, expenditures, and directives to ensure funding for certain programs and initiatives.
- On March 20, 2023, LUMA filed a Motion for Reconsideration and/or Clarification of Resolution & Order responding to PREB’s February 27, 2023 R&O on LUMA’s FY2023 Certified Budget and requesting to stay several of the requirements of the February 27, 2023 R&O while PREB considers the Motion for reconsideration.
- As of the end of May, LUMA had not received a response to its March 20, 2023 Motion requesting reconsideration and clarification.

PREB Resolution and Orders regarding LUMA’s request for Amendment of FY2022 Budget

- On November 2, 2022, LUMA filed a “Motion Submitting Fiscal Year 2022 Budget Amendment” in compliance with Section 7.3 (e) of the T&D OMA, requesting that the FY2022 Budget be amended to reallocate a surplus in LUMA’s Operating Budget to its Non-Federally Funded Capital Budget line items. The modification was a result of LUMA’s cost saving measures and year-end closing adjustments and financial reviews.

- On March 20, 2023, among other actions, PREB denied LUMA's January 3, 2023 Request for Reconsideration, and imposed a fine upon LUMA of twenty-five thousand dollars (\$25,000).
- On April 5, 2023, LUMA filed an "Informative Motion on Payment of Fine and Request for Confirmation of Payment", informing PREB that LUMA submitted an electronic payment of the fine from the March 20, 2023 Order on April 3, 2023.
- On May 1, 2023, LUMA sent P3A a formal letter titled "PREB Fine Issued to LUMA regarding LUMA's Fiscal Year ("FY") 2022 Budget Amendment Request of November 2, 2022" in order to escalate LUMA's concerns re: PREB's new budget amendment procedural requirements, which are not consistent with the T&D OMA or the limitations detailed in LUMA's System Remediation Plan.

Genera Mobilization Coordination

- LUMA's unambiguous objective is to support a successful Mobilization Period and Service Commencement for Genera. During May, LUMA's efforts included coordination, provision of information and drafting of procedures and agreements relating to:
 - IT,
 - Generation coordination with the System Operations Control Center,
 - Demarcation of generation sites,
 - Emergency response,
 - Generation unit testing, and
 - Insurance
- LUMA continues to respond to Requests for Information ("RFIs") from Genera and The Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF") regarding Genera's Mobilization and Service Commencement and PREPA's reorganization. As of May 31, 2023, LUMA has responded to 17 RFIs from Genera and three (3) RFIs from AAFAF; and LUMA has sent Genera six (6) RFIs and AAFAF three (3) RFIs.